

Approved For Release 2009/07/20 : CIA-RDP80T00246A007500020002-5

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Subject: Types of Construction Work and Their Share in the Total Value of State Construction.

Section I: Housing, General, Urban Repairs, and Rural Construction.

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Introduction.

The preceding parts described the principles of allocation of individual construction works and projects among the ministries responsible for individual types and branches of the construction industry. The present part will contain a quantitative analysis of the contracting system of the state construction enterprises in order to define the share of various types of work in the total production of the state enterprises.

About 30% of construction-assembly work is implemented outside the state contracting system of which:

about 10% by the private sector

6% by the cooperative sector

and 14% by the state self management economic system

This 30% implemented outside the real state construction industry includes the following types of work:

a/ The private sector implements mainly rural construction in villages for private farmers (peasants), by building houses, stables, barns which is called, in general, homestead construction (budownictwo zagrodowe). This constitutes about 60% of the work of the private sector. It also builds new apartment houses and makes repairs to housing in small towns. This accounts for the remaining 40% of its work.

b/ The cooperative sector builds housing in towns by tenants cooperatives.

c/ The state self management economic system repairs factories, does small investment construction of roads, railroads, and also small investment projects on state agricultural farms.

In the following pages the state contracting system will be mainly described since it represents the construction industry in Poland.

As stated before the contracting system embraces only 70% of the total national construction assembly production, and all further analysis in this part will refer only to this 70% because they represent the construction industry proper in Poland.

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According to the classification presented in the preceding part, the entire construction industry was divided in 27 items in eight groups. The present analysis will keep this division into eight groups but some of the most important of them will be described in more detail, so the number of groups will rise to 12. It should be added here that the official Polish statistics prepared by the Main Statistical Administration (GUS) list only the following six groups:

1. General construction work (Roboty ogolno-budowlane)
2. Of which Housing construction and (Roboty mieszkaniowe)
- Special construction work (Roboty specjalne-budowlane)
- Of which:
3. a) Industrial construction (Budownictwo przemyslowe)
4. b) Engineering constructions (Roboty inzynieryjne)
5. c) Agricultural and forestry work (Roboty rolne i lesne)
6. Assembly work (Roboty montazowe)

This division by GUS is in conformity with the initial concepts which were rejected in planning practice as unsuitable. E.g., assembly work is mainly just industrial, yet the GUS statistics omit such important types as mining construction, long distance transmission net construction, ^{and} even capital repairs.

The present analysis describes 12 groups which are so arranged that it is possible to compare them with the six groups of GUS, and also contain all 27 items of the classification. Some groups embrace several items of the classification. These 12 groups are as follows:

1. Housing construction
2. Social-cultural, shops, warehouses, and office constructions
3. Capital repairs of housing in towns and settlements
4. Rural homestead construction

The above four groups exhaust the entire General construction as it is listed by the integrated GUS statistics in its groups 1 and 2 (see ^{above} p.).

5. Industrial factory construction
6. Industrial-mining and industrial-transmission net construction
7. Industrial capital repairs

The above three groups exhaust the entire industrial construction industry and refer to group 3 and 6 of the integrated GUS statistics. (see ^{above} p.).

8. Transportation and communication engineering constructions
9. Communal engineering construction

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10. Mining and transmission net engineering constructions

The above three groups exhaust the entire engineering construction and refer to group 4 of the integrated GUS statistics (see p.2)

11. Land improvement works, which refers to group 5 of the GUS statistics.

12. Various works and projects.

This last group, which embraces only 2% of production, is needed for including a small number of works which are difficult to assign precisely, among them geological drillings which are included perhaps, without reason in the Construction Plan.

For each more important type of the construction industry two comprehensive diagrams are included in this part such as:

Diagram for: General construction

Industrial construction

Engineering construction

Total construction - assembly production in 1957

Total construction - assembly production in 1958-1960

It should be added that this part covers not only the past and current situation but contains an analysis of the individual types of construction work of the Polish state construction industry planned for the near future, and trends. This quantitative analysis is based on the communique of the Polish Main Statistical Administration (GUS) for 1958, on the economic directives for 1959-1965 published during the III Congress of the Polish United Workers Party in 1959 and articles published in the Polish daily Trybuna Ludu, Zycie Warszawy and weekly Fundamenty, Investycje i Budownictwo, and Gospodarka Komunalna, during the period including May 1959.

1. The share of the housing construction in the production of the state construction-assembly enterprises.

The Housing construction is one of the most important types in the production of the entire state construction industry. Not all housing is constructed by the state enterprises, some is built by private owners by themselves, some by the construction cooperatives, some by the self management economic system, but mainly by the state enterprises in the contracting system. This study considers only housing built on the contracting system by the state construction industry.

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Of 368,000 rooms built in Poland in 1958 in urban and rural areas, about 131,200 rooms were built without the aid of state credits. In addition 38,700 rooms were built from the means of the population with the aid of state credits. These two categories were built mainly by cooperatives, therefore the state production embraced only 198,700 rooms i.e., 54% of the total number. A part of these rooms, about 12% or about 24,000 rooms, were built by the self management economic system, therefore only about 175,000 i.e., 48% of the total rooms were built by the state construction industry on the contract system. Therefore, it can be stated that at present and during the period 1958-60, the state construction enterprises in Poland are building less than 50% of the total rooms constructed. During the preceding years, this relation was different. The state construction enterprises built from 65-70% of the total but the number of rooms was much lower during the period 1956-57. Thus, now in absolute figures, the state construction enterprises ~~do not~~ build a few more rooms than before. Since housing construction outside the state enterprises increased greatly, the percentage share of the state construction enterprises in housing construction decreased during the last three years from two thirds to one half of the total production.

According to the Small Statistical Yearbook 1958 page 65: ---

Rooms constructed and given for use:

	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
a/ Total	252,100	263,500	346,200	368,600
b/ From above: by socialized housing construction	178,900	159,600	203,300	198,700
c/ By individual private housing construction	73,200	103,900	142,900	169,900

In the near future, including 1960, the annual number of about 200,000 rooms to be built by ~~the~~ socialized construction will increase slowly in the following years. These built by the cooperatives, as well the individual private housing construction without the aid of state credits especially in rural areas will increase rapidly.

The government has the following tendency:

To reach in 1965 a yearly production of about 465,000-470,000 rooms* by increasing the cooperative housing construction (mainly tenants, cooperatives) to about 110,000 rooms in urban areas, to increase individual housing construction mainly in rural

* The figure 465,000 was given in Polish daily Trybuna Ludu on 15 Jan 1959.

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and partly in urban areas to a total of 190,000 rooms, and by maintaining the current 1959 production of state construction enterprises or increasing it slightly to about 170,000 rooms.

During ^{the} last four years there was a big increase in investment outlays for housing construction in comparison with the total national investment outlays. According to the Small Statistical Yearbook 1958 page 61 the investment outlays for housing amounted:

- during the period 1950-1955 an average 11.2%) of
- in 1956 13.7%) the total
- in 1957 15.1%) investment outlays.

As was already explained in Chapter #D Part I, p. 17a, the official statistics prepared by GUS belatedly ^{has} given figures of the private housing construction built without the aid of state credits. A study by the Housing Construction Institute published in the Polish monthly Investycje i Budownictwo No 8, 1958, which should be regarded as true, gives the following average percentage:

- 1956 17.6%
- 1957 20.6%

The GUS communiqué about the implementation of the yearly economic plan for 1958, published in Trybuna Ludu on 10 Feb 1959, stated that the outlays for housing in 1958 amounted to 23.8% of the total investment outlays in the country. No doubt this is a big increase in the percentage share of the housing construction in the national investment outlays from 17.6% in 1956 to 23.8% in 1958, and 25X1 about 25% in 1959; but this is still insufficient, as the Western countries less ruined by the war use on average about 40% of their investment outlays for housing construction.

The table on p. 6 shows the figures for housing construction in comparison with total investment outlays during the period 1950-65. These figures were taken: - for 1950-57 from the Small Statistical Yearbook 1958 page 61;

- for 1958 from the GUS communiqué published in Trybuna Ludu on 10 Feb 1958;
- for the period 1956-60 and 1961-65 from Directives for economic development of the Polish Peoples Republic published in Trybuna Ludu 22 Mar 1959.

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The Percentage Share of the Housing Construction Outlays in the Investments of the Entire National Economy.

		<u>Total Investments</u>	<u>Outlays for Housing Construction</u>	<u>Percentage</u>
		<u>Billion zlotys</u>		
		<u>a</u>	<u>b</u>	<u>c</u>
<u>In 1956 prices</u>				
Period	1950-55	245.4	27.5	11.2%
Year	1956	51.7	7.1	13.7
Year	1957	54.1	8.2	15.1
<u>In 1958 prices</u> (approximate coefficient for conversion)				
		1.17	1.8	
Year	1958	67.5 65.7	16.1	23.8
Period	1956-60	345.0	73.8	22.0 ^s *
Period	1961-65	514.4	123.7	24.0 ^s *

The share of housing construction in the investment outlays of the entire national economy is not equal to the percentage share of the entire housing construction in the construction-assembly production of the state construction enterprises, for the following reasons. First of all, more and more housing construction is implemented outside the state enterprises and as ^a result of their share in housing construction tends to decrease. Secondly, housing is exclusively a building investment (no machines are purchased for an investment of this type) therefore it influences the activity of the construction enterprises to a greater degree than one would expect from its share in total investments.

The result of these opposing factors is that the share of housing construction in the production of the state construction enterprises stays more or less on the same level of about 23-25%. According to the Small Statistical Yearbook 1958 page 67, housing construction implemented by the state enterprises amounted, in 1956 prices:

in 1956 to 7.016 billion zlotys, which is 23.7% of their total production-----in 1957 to 7.786 billion zlotys, ^{ich} ~~what~~ represented 25% of their total production. In 1957 in current prices, the share of housing construction in construction-assembly production of the state enterprises amounted to 25.5%. The total production of the state enterprises amounted to 36.947 billion zlotys. (These last figures for the year 1957 were taken from the Statistical Bulletin No 8, 1958).

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[] the construction-assembly production of the 25X1
 state enterprises amounted in 1958 current prices to 40 billion zlotys, including
 10 billions for housing construction. (No reliable statistical figures for the
 year 1958 could be found.) This 25% will be kept for the next 2-3 years. The
 state enterprises subordinated to the Ministry of Construction and Building
 Materials Industry are the main producers. According to Trybuna Ludu of
 8 Feb 1959, which published a report on the discussions at the Sejm on the 1959
 budget, the Ministry of Construction has to give for use in 1959 140,000 rooms
 i.e., 13,000 more than in 1958. In order to get from these figures on rooms to
 total financial value [] the following calculations: 25X1

As is shown above, the Ministry of Construction supplied 127,000
 rooms in 1958, of this 30,000 rooms were started and finished in 1958 at a cost of
 52,000 zloty in 1958 prices each, i.e., for 1.6 billion zlotys. In addition
 97,000 rooms which were started in 1957 were finished at 30,000 zlotys each, i.e.,
 2.9 billion zlotys. Finally, 140,000 rooms were started in rough stage at 22,000
 zlotys each, i.e., 3.1 billion zlotys. This gives a total for 1958 of 7.6 billion
 zlotys. [] the 25X1
 housing construction plan for the year 1959 in 1958 prices at 8.6 billion zlotys,
 which amounts to 39% of the sum allocated to this ministry for all construction
 work and projects for the year 1959 as given by Trybuna Ludu published on 8 Feb 1959
 in a round figure of 22 billion zlotys.

Summing up:

a/ During 1958 - 1960 housing construction in Poland will use an average of
 25% of the total national investment outlays

Of this 25%

b/ about 48-50% of rooms are built by the state enterprises by the contracting
 system, and this 50% amounts to about $\frac{1}{4}$ of the construction-assembly production of
 the state enterprises in Poland.

c/ The state enterprises subordinated to the Ministry of Construction built
 about 65-75% of rooms mentioned in para b/. Housing construction amounts to about
 39-40% of all construction work and projects allocated to the Ministry of Construc-
 tion and Building Materials Industry.

d/ The remaining 50-52% of rooms mentioned in para b/ are built by other
 state enterprises, mainly by those which are subordinated to the Ministry of
 Communal Economy, by local enterprises subordinated to peoples councils, and by
 industrial ministries, especially the Ministry of Mining and Electric Power by so
 called "scattered enterprises."

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CONFIDENTIAL2. General construction (excluding housing and rural construction)

From the technical point of view, general construction includes housing construction, rural so-called homestead construction without land improvement, electrification of villages, social-cultural construction, commercial (shops) and office building construction, and finally capital repairs of housing. However, because housing, rural construction and capital repairs are described separately, this section will deal only with commercial, also called turnover construction, (budownictwo obrotu towarowego), social-cultural and office building construction. Sport buildings and facilities are also included although they belong more to engineering construction, but they represent such a small fraction that it is not worth while to separate them.

The table on p./o shows that the outlays for commercial construction tend to decline. During the Six Year Plan 1950-56 they still amounted to 3.3% of the total investments, but during the current Five Year Plan 1956-60 they only amount to 2.8%, and during the next 1961-65 Plan it is expected they will drop to 2.3%. This should be regarded as a big mistake in the 1961-65 Plan because the commercial net is absolutely insufficient, modern shops are practically non-existent and this decrease of investment outlays for shops will have a negative influence on the standard of living of the population. This is even more important because the expectations of the government that the net of private shops would increase did not materialize. On the contrary, a number of private shops and restaurants did not renew the necessary licenses for the year 1959.

The investment outlays for social-cultural constructions are increasing, especially in connection with the construction of 1,000 schools. The outlays for the construction of schools will amount during the seven year period 1958-65 to about 16 billion zlotys, to which another billion zlotys should be added from social collection under the motto "Millenium schools." These outlays represent about one third of the total outlays for social-cultural establishments during these seven years.

According to a statement of the secretary of the Polish United Workers Party (PZPR), Zenon Kliszko, published in Trybuna Ludu on 3 June 1959, the state intends to build about 30,000 classrooms during this period. This is a large number because in the preceding 15 years, 1944-59, only 25,000 classrooms were built. However, 30,000 classrooms are not sufficient for the existing needs. During the years 1959-65 the number of children in schools will increase by about 2 million to a total of more than 8 million. In connection with this increase, about 45,000 classrooms for elementary schools and about 12,000 classrooms for vocational and

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secondary schools are needed according to the estimates of the Construction Committee of the Sejm published in Trybuna Ludu on 5 June 1959. This committee requests the organization in next ^{the} years of about 250 local state construction enterprises in connection with a big school building program which will amount during the 1959-65 period, including "1,000 Schools Social Fund", to about 17 billion zlotys.

This social fund is made from voluntary collections of all employed who in general agree to pay one percent of salaries and wages. The peasants will pay two percent of their homesteads income. The government announced one billion zlotys as a goal for this collection, of which rural areas will have to pay 350 million zlotys.

During the first half ~~year~~ of 1959 already about 400 million zlotys were collected, of which 350 million were in cash and 45 million in materials declared by the workers councils in industrial establishments.

One classroom costs about 535,000 zlotys on average in 1959 prices, of which 85% goes for construction and about 15% for furniture and equipment. In this way the construction of schools is taking first place within the social-cultural construction. The construction of hospitals will also increase. Investment outlays for hospitals, which amounted during the period 1955-57 to 18% of the social-cultural outlays, will increase to 21-22% according to the 1961-65 Plan.

About 85% of outlays for commercial construction and for social-cultural buildings are used for construction-assembly work. The remainder is used for purchase of hospital and theater apparatus and equipment, and for furniture and equipment of schools, recreation houses, movies etc. Thus the expenses for the construction-assembly production of this social-cultural and commercial investment amount to:

- a/ 3.4 billion zlotys in 1956 prices in 1956
- b/ 3.5 " " " " in 1957
- c/ 5.0 " " in 1958 prices in 1958
- d/ 5.7 " " " " in 1959

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The state construction enterprises implement about 70% of social-cultural and commercial construction assembly work by the contracting system and the self management economic system. The ^{contracting} ~~construction~~ system alone implemented

in 1956 about 2.4 billion zlotys

in 1957 about 2.45 billion zlotys in 1956 prices, which amounted to about 7.7% of the total production of the state construction enterprises in 1957.

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CONFIDENTIALTHE SHARE OF INVESTMENT OUTLAYS FOR SOCIAL-CULTURAL CONSTRUCTION, AND
FOR COMMERCIAL CONSTRUCTIONS IN THE TOTAL INVESTMENTS FROM 1950-65

	Total Investments (billion zl.)	Commercial Construction Outlays (billion zl.)	Social-Cultural Construction Outlays (billion zl.)	Percentage		Total
	1	2	3	2:1	3:1	4:5
	1	2	3	4	5	6

In 1956 prices

a. Period 1950-1955	245.3	8.1	12.2	3.3	4.9	8.2
b. Year 1956	51.7	1.3	2.6	2.6	5.1	7.7
c. Year 1957	54.7	1.3	2.9	2.4	5.4	7.8
approximate coeffi- cients for conversion	1.17	1.55	1.30			

In 1958 prices

d. Year 1958	67.5	2.0	3.9	3.0	5.8	8.8
e. Year 1959	75.0	2.2	4.7	2.9 ^s	6.2	9.1
f. Period 1956-1960	345.3	9.4	21.5	2.8	6.4	9.2
g. Period 1961-1965	514.4	11.4	38.0	2.3	7.4	9.7

Sources: a, b, c, Small Statistical Yearbook 1958, p. 61d, GUS Communique on implementation of the 1958 Planf, g, Directives for the economic development of Polish Peoples Republic
Trybuna Ludu 22 March 1959.

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To this social-cultural and commercial construction should be added administrative office building construction, buildings for party, labor unions, etc. which amounts yearly to about one billion zlotys of the investment outlays at present, and to about 850 million zlotys in construction production. All this is implemented by the state construction enterprises by the contracting system. Therefore general construction of the state enterprises amounted, in 1957, to 3.3 billion zlotys i.e., 11% of the total production of these enterprises. This proportion will increase in the next years to 13%.

Summing up it can be stated that the general construction embracing social-cultural establishments, commercial, office and social-party buildings and facilities (excluding housing and rural construction) from 11% to 13%, on average 12%, of the production of the state enterprises by the contracting system.

3. Capital repairs of housing in towns and settlements.

Capital repairs of housing are done in Poland:

a/ By private people who carry on the repairs of their own houses using private craftsmen. These are mostly small current repairs and maintenance jobs the share of which is small, and for that reason they will not be described in this paragraph.

b/ Capital repairs implemented by the state by the contracting system including private buildings. The owners pay contributions to the Housing Economy Fund (FGM) and the state carries out these capital repairs using funds from FGM and contributing the necessary additional sums.

During the period 1952-58, the state spent for capital repairs of private houses 3.145 billion zlotys when the payments from FGM amounted only to 745 million zlotys. Thus the state added 2.400 billion zlotys for the repairs of private houses (Figures from Trybuna Ludu on 27 Feb 1959). The government is forced to such a course because it keeps the rents so low that an owner of a house is not able to pay the costs of repairs. On the other hand, if the state would not repair these private houses the people would be imperilled and the state would have to provide new and safe houses for them. Of course these 3.145 billions during the seven year period 1952-58 -- the equivalent of 10,000 rooms -- is like a drop in the ocean and the process of deterioration of private houses continues. A new law is in preparation at present (but not passed yet by Sejm) which will establish that all these expenditures provided by the state for the repair of private houses will be put as a mortgage on the repaired house. The owner will not be entitled to collect proper rent but must repair the house, it is true not from his own pocket, but he will be indebted to the state for the repairs. This will lead to a kind of rationalization of private housing.

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c/ Capital repairs of buildings owned by the state and administered by the state.

The following amounts were spent for capital repairs of state owned and private houses repaired by the state during the years 1950-59:

Outlays for capital repairs of housing in towns and settlements*	Billion zlotys in 1956 prices	Billion zlotys in 1958 prices	
a/ year 1955	1.50		
b/ year 1956	1.64		
c/ year 1957	1.96		
d/ year 1958	(1.99	coefficient of 2.6 conversion is 1.31	
e/ year 1959 planned	(1.83	from '58 to '56 2.4 prices for repair work)	25X1
f/ period 1950-55	5.22		
g/ period 1956-60	(7.60	10.1	

Source: Years 1955-57 Small Statistical Yearbook 1958 p. 62

Period 1950-⁵⁵~~57~~ and 1956-60 Trybuna Ludu on 10 Feb 1959 and 27 Feb 1959.

The table ^{above}~~on p.~~ shows that the yearly outlays for capital repairs amounted during the period 1950-55 to about 870 million zlotys, an equivalent of about 20,000 rooms in comparison with the total number of existing rooms in towns and settlements of more than 6.5 million. According to technical norms, about 1.6% of the total value of existing rooms, or in this case the equivalent of about 100,000 rooms, should be spent annually for capital repairs.

During the period 1950-55, the outlays for capital repairs of housing amounted only to 20% of real needs. Former minister of communal economy, St. Baranowski, admitted, according to Trybuna Ludu of 27 Feb 1959, that the outlays for capital repairs covered hardly 33% of needs, and even this figure is too optimistic. He considers that the planned 10.1 billion zlotys for the period 1956-⁶⁰~~59~~ -- about 2 billion zlotys yearly -- covers 78% of existing needs for capital repairs. this figure is exaggerated because including the increase of prices, and the increase of total housing to 7 million rooms, it will cover hardly 40% of existing needs. 25X1

* About 1/3 of these were to private housing after 1954.

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The responsible contractor for capital repairs of housing is the Ministry of Communal Economy, through the subordinate Central Administration of Municipal Repair Construction Enterprises which controls about 70 enterprises located in all voivodship and some county towns. Capital repairs are carried out by the contracting system uneconomically and with an enormous bureaucracy because repair construction work is not suitable for the implementation by the state industry.

The production of the above-mentioned 70 municipal repair and construction enterprises (Miejskie Przedsiębiorstwo Remontowo Budowlane-MPRB) amounted to 6.3% of the total value of the entire construction-assembly production in Poland in 1957. It was a very very low percentage, one of the lowest in the world. The percentage share of the housing repairs in the production of the construction industry should be between $\frac{1}{4}$ to $\frac{1}{3}$, or the equivalent of 100,000 rooms compared to the planned annual construction of around 400,000 rooms.

4. Rural (homestead) construction.

Rural construction belongs to a type of general construction, and is carried out mainly privately for individual farmers. Construction for the state agricultural farms (Państwowe Gospodarstwo Rolne-PGR) is done by the self-management economic system of the PGR construction teams (Zespoly Budowlane PGR). On some state agricultural farms the so-called model agricultural farms like Machnow, Goldap, Olsztyn Orneta and a further five to seven very large state agricultural farms, all construction was and is to be carried out by the state enterprises controlled by the Ministry of Construction during the period 1955-63 for a cost of about 200 million zlotys yearly. The County Construction Enterprises (powiatowe Przedsiębiorstwo Budowlane) subordinated to the peoples councils and to the administrations of the Ministry of Construction and Building Materials Industry (double subordination) build projects of a total annual value of around 300 million for the production cooperatives (collective farms). These county construction enterprises build also rural schools, maternity and medical stations, and recreation houses in villages. The total production of rural construction by the state enterprises amounts to only 3% of the production of state construction enterprises, and about 6% of the production of the Ministry of Construction.

The above-mentioned county construction enterprises have a larger program and also take up construction work in small towns, a type of work which does not belong to rural construction. They tend to undertake the construction for villages unwillingly, although they were created for that purpose.

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Capital repairs of homestead building are carried out privately by peasants. The state enterprises do not do capital repairs in villages. The state only allocates some building materials through Peasants Mutual Aid, but in insufficient quantities. Since 1957, however, there has been some improvement in this field.

The condition of buildings in villages is bad. During a scientific conference about the effectiveness of investments in agriculture, which took place in 1959, the following data was presented concerning housing buildings in villages, according to Trybuna Ludu of 4 Feb 1959:

Buildings in good condition	37.2%
Buildings requiring medium repairs	21.3%
Buildings requiring capital repairs	22.6%
Buildings completely unusable	18.9% i.e., about 106 millions square meters of living areas is completely destroyed

One can see from the above that the share of the rural homestead construction in the production of state construction enterprises is very small. This is a paradoxical situation if we consider that the investment outlays for agriculture amount to a high percent of the total national investments, as is shown in the table below.

			<u>Percent of the rural construction to the national investment outlays</u>		
		<u>Billion zlotys</u>	<u>Total rural investments</u>	<u>of which private investment</u>	
a/ period 1950-55 in 1956 prices		32.4	13.2%	4.4%	
b/ year 1956	" "	9.6	18.6	6.6%	
c/ year 1957	" "	10.1	18.7	9.0%	
approximate coefficient for conversion		1.22			
d/ year 1957	1958 "	12.4	19.6		
e/ year 1958	" "	9.0	13.3		
f/ period 1956-60	" "	46.3	13.1		25X1
g/ period 1961-65 plan	" "	70.8	13.8		

Sources: a/b/c Small Statistical Yearbook 1958 p. 61

d/ Article by Stanislaw Okolo-Kulak under the title "Planning of Agricultural Investments" published in Polish monthly Investment and Construction (Inwestycje i Budownictwo) No 5, 1959, p. 18.

e/ GUS Communique on implementation of the 1958 plan.

f/g/ Directives for economic development of the Polish Peoples Republic approved by the III Congress of PZPR published in Trybuna Ludu, 22 March 1959.

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At present, investments in agriculture amount to about 13% of the total national investment outlays in Poland. It is characteristic that in 1957 they amounted to as much as 19.8%, however, their share in 1958 dropped as did the absolute value from about 12.4 to 9.0 billion zlotys in comparable 1958 prices. This drop was caused by the discontinuance by the state of large investments for production cooperatives and agricultural state farms, and by stopping the construction of large state agricultural machine stations, called POM. Because the construction for state agricultural farms and for agricultural machine stations was done by the state construction industry, the contracts of the state construction enterprises were most affected. For this reason, the state construction enterprises were no more interested in agricultural investments, and the rural homestead construction only amounts at present to about 3% of the production of state enterprises by the contracting system.

But this neglect of rural investments is a mistake made by the state construction industry because the private rural construction does not decrease but increases very much. Thus the villages take away the available labor force, especially bricklayers; causing great difficulties and shortages of labor for the construction industry especially in summer and fall. The construction industry must take this more and more into consideration and not ignore it. Even the Minister of Agriculture requested the construction industry to train more bricklayers and carpenters in addition to the present quota for rural areas, but the state construction enterprises do not do it, and the situation is still unresolved.

Of course not all agricultural investments embrace construction work. According to the article written by Okolo-Kulak in Investment and Construction, No 5, 1959 under the title "The planning of agricultural investments" the capital assets in agriculture are divided as follows:

Buildings and construction projects	75%
Machinery and installations	10%
Basic livestock	15%

Seventy-five percent of investments in agriculture are connected with buildings and other construction work which include melioration of land.

According to the Statistical Yearbook 1957 p. 157, the homestead and housing construction (called also building construction 'Budownictwo Budynkowe') amounted in 1956, in 1956 prices, to the following percent of the total national investments in agriculture:

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	Investments in Individual Sections of Agriculture	Of which for the Homestead and Housing Construction	Percent 2 of 1
	Billion zlotys		
	1	2	3
a/ individual farms	3.418	2.248	66%
b/ production cooperatives	0.638	0.236	39%
c/ state agricultural farms	2.556	0.696	25%
d/ state machine stations	1.112	0.227	20%
e/ land melioration	0.826	neg.	
f/ electrification of villages	0.367	neg.	
g/ veterinary service	0.87	neg.	
h/ agricultural schools	0.101	neg.	
i/ various	0.385 ^s	neg.	
Total	9.590	3.377	35%

The above table shows that, in 1956, only 35% of the total investments in agriculture was used for homestead and housing construction in villages and the rest was swallowed by state machine stations, state agricultural farms, production cooperatives, electrification, etc. for other than building purposes. This was changed since 1956, and most important for the construction industry is the fact that the relative share of such investors as state agricultural farms, state machine stations and production cooperatives is decreasing and the share of individual private farms is increasing. This trend means the investments are becoming more construction-labor consuming, and that the share of building construction is increasing. This is clearly visible in the table where the investments for buildings in 1956 consumed about 66% of total investment outlays for agriculture, and state machine stations only 20%. It is a fact that the number of new homestead and housing buildings constructed in villages has greatly increased since 1956. The official statistics are not precise in this ^{respect} ~~report~~, but Trybuna Ludu published on 8 Feb 1959 a statement made by a deputy to the Sejm, Feliks Baranowski, according to which the following number of homestead and housing buildings were built in villages:

1956	55,200
1957	unknown
1958	95,000
1959	120,000 (estimated)

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However the county architects who know these problems from practical experience stated during their convention (meeting of the Committee for Urbanization and Architecture on 2 June 1959) according to Trybuna Ludu of 4 June 1959 that 170,000 buildings will be built in villages in 1959.

At any rate, according to 1961-65 Plan, an annual average of 200,000 houses will be built in villages which is almost four times more than in 1956. The rural construction will no doubt have a big influence on the labor situation in the state construction industry because the homestead construction in Poland will be the largest among eastern block countries, probably relatively larger than in the USSR. This is a consequence of the development of the individual private peasants' economy in Poland.

The planning of rural individual construction is much more difficult than for the state construction industry, and it is also difficult to forecast with certainty how much the individual peasants will invest in homestead buildings and housing from their income and savings. In spite of that, it is possible to plan with some accuracy for the following reasons. The peasants are willing to invest, especially because their homesteads were neglected during the period 1945-57 in connection with the state agricultural policy of collective farms. In addition, the peasants have at present a much higher income, and the size of investments is limited only by the shortage of building materials. For this reason the villages will invest to the extent that they obtain building materials. Because the allocation of these building materials is decided by the State Economic Planning Commission, the state is easily able to define and plan the volume of private construction in rural areas by rationing of the allocation of materials.

A mixed Sejm-governmental committee was created in 1959 to decide the allocation of building materials for rural areas for individual peasants for the period 1960-65. This is a problem of national and political importance because it is a matter of proportional division of production of building materials between socialized construction in towns and private peasant construction.

Although the plan for rural construction was not finally fixed, the following data were published in the Polish monthly Gospodarka Planowa No 5, ^{may} 1959, page 61 and 62, in an article written by an employee of the construction department of the PKPG, Miron Pomianowski, under the title "The problem of supply of building materials for the rural market:"

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taking the construction-assembly production in rural areas in 1957 for 100

	<u>1960</u>	<u>1965</u>
a/ Value of the construction -assembly production of rural construction in 1957 in 1958 prices (altogether, with and without aid of state credits)	132	265
b/ Cubature -total	136	286
of which:		
(1) housing construction	121	243
(2) livestock construction	150	337
(3) other homestead construction	145	304
c/ Total to be built in rural areas during the Five Year Plan 1961-65		
- housing 1.0 to 1.2 million rooms or 90 to 108 mill. cu. meters		
- livestock and other homestead buildings 160,000,000 cubic meters		
d/ Allocation plan of building materials for rural areas, taking the allocation of materials supplied for rural areas in 1957 as 100, for private and cooperative needs, but not for the state enterprises.		
Cement	143	302
Bricks	173	497
Prefabricated elements	161	376
Lime	121	206
Lumber	113	177
Tarpaper	94	111
Roofing ceramic tile	155	386
Eternit tile	213	669

The reality of the total rural construction plan therefore depends mainly on the supply of materials. The plan listed on p. 18^g is doubtful, especially in paragraphs of bricks and roofing tiles (ceramic). In 1957, 562 million units of wall materials were supplied, i.e., bricks and prefabricated elements together, of which 377 million were bricks and 185 million prefabricated ceramic units. This means that rural areas should receive in 1965 4.97×377 i.e., 1,870 billion bricks.

calculated, in a similar way, the absolute value of the 25X1
 prefabricated elements planned for the year 1965 $3.67^{76} \times 185$ i.e., 0.700 billion
 ceramic units. Therefore a total of 2.570 billion units of wall materials should be
 allocated for rural areas in 1965, which represents about 27.5% of the total
 production of wall materials in Poland in 1965.

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It does not seem probable that such an amount of wall materials could be allocated for rural areas; therefore the reality of the rural construction plan is in danger. It is probable that a maximum of 80% of the plan will be implemented. As far as roofing tiles are concerned, 23 million were supplied for rural areas in 1957. The planned 3.86 times increase means that 89 million roofing tiles should be allocated, or 34% of the total planned national production in 1965. It is doubted that 34% of roofing tiles could be allocated for rural areas because this would undermine the urban construction plan. The above analysis shows that the rural construction plan is large compared with previous years, but the 230,000 buildings planned as a yearly average during the period 1959-65 is difficult to achieve because of the shortage of material. Therefore probably about 20% of this plan will not be implemented.

New agricultural policy.

The meeting of the II Plenum of the Central Committee of PZPR which took place in Warsaw, 22-24 June 1959, was devoted to agriculture. According to Trybuna Ludu 24 June 1959, p. 5, it was decided to increase the government's help to agriculture in rural construction, homestead construction and land melioration:"According to available provisional data, more than 37,000 houses and about 54,000 various homestead buildings were constructed in 1958, which represents a tripling of housing construction, and more than a seven fold increase in homestead construction compared with 1954"..... This figure of 91,000 buildings given by Gomulka is not final because the so called "wild" (illegal) construction figures will not be available for official statistics for some time. In general, the achievements of rural construction are estimated [redacted] to be higher 25X1 as given [redacted] on page ¹⁶~~100~~ of 95,000 buildings. 25X1

The great increase of homestead buildings since 1954 is of interest. Until 1954 the peasants invested very little in homestead buildings such as stables, barns, and so on, because they mistrusted the government as it was the period of enforced collectivization, and besides no building materials were allocated for villages. After 1956 the peasants started to build more homestead buildings but still not enough in relation to the existing needs and negligence of the preceding years. Gomulka stated further: "...1,200,000 rooms will be built in rural areas during the period 1961-65, and new homestead buildings of a value of 40 billion zlotys will be constructed. Two and a half times more cement, more than 2 times more lime, and almost 4 times more wall materials will be allocated for the rural construction in 1965 than in 1958".....

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These figures are more or less in conformity with those given on p. 18g

[] comparing the allocation of building materials 25X1
for rural areas in 1965 in relation to 1957 [] 25X1

Cement		will increase 3-times
Prefabricated elements	"	3.7 "
Bricks		5 "
Lime		2 "

Gomulka stated in addition:

...."The total sum of investment credits allocated for rural construction increased from 0.7 billion in 1954 to 2.1 billion zlotys in 1958 (in 1958 prices). During the seven year period 1959-65, credits allocated for this purpose will amount to 23.4 billion zlotys. This means a yearly average of about 3.34 billion zlotys for rural construction investments (excluding land melioration).

The new agricultural policy initiated by Gomulka during the II Plenum of the C.C. PZPR in June 1959 represents a very important economic and political 25X1 move. [] it is a step backwards. In 1957 Gomulka announced that the obligatory deliveries would be abolished by 1959/1960. Indeed they were cut from year to year, and in 1959 they amounted to about half of the former burden which the peasants were charged in 1954. However Gomulka stated in June 1959 that the obligatory deliveries will remain in force at least for the next seven years.

By doing this Gomulka is withdrawing from his promises. Although the new program foresees that what the peasants will lose by obligatory deliveries will be returned to them in the form of credits and governments aid, these credits will be given to agricultural circles and not to individual peasant-farmers.

Because it is not possible to organize the collective farms (kolhozes) in Poland without destroying agricultural production, Gomulka initiated a compromise policy of semi-kolhozes i.e., agricultural circles (Kolka rolnicze). The new policy is not a wise one, and its implementation and effect are doubtful, but it will have an influence on the construction industry.

Above all it will mean an increase of investments during the period 1961-65 by 24 billion zlotys. The original investment plan amounting to 18.7% of national income, far share criticized by the Polish economists because it has too much influence on the standard of living of the population, was increase^d still more

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by this allocation of 24 billion zlotys. Thus it is planned that about 20% of the national income will be allocated for investments! The accumulation i.e., investments plus reserves, will increase from 23.8% foreseen for the year 1965 in the directives of the II Congress of PZPR to 25%! The demand for building materials is increased, endangering the already strained construction plan. In connection with this situation it will be necessary to reduce the export of metallurgical products, which may make the balance of trade difficult. Gomulka stated that during 1961-65 period, exports will be reduced for this reason, and about 500 million zlotys in hard foreign currency (zloty dewizowy, \$ 1 = 4 zlotys) will be lost. The entire new agricultural program seems to be risky and little success can be expected. It is a result of the party policy; Gomulka does not want to encourage the individual private peasants farms, he is looking for compromise solutions in order to bring the agricultural economy closer to a socialized economy, to some substitute for kol^Khozes. He can't speak openly about kol^Khozes because a direct announcement would violently worsen the agricultural production.

The situation in agriculture is not good in 1959, because a process of crumbling of individual farms has started, and the effect is already being felt because small farms do not mechanize and their production is usually low. Only medium and large farms are productive. Because the Party does not want to permit the formation of large private farms while the peasants do not want to form kol^Khozes (which are also large farms) the Party has invented something intermediate, "agricultural circles" or an association of farmers which owns agricultural machinery and equipment, but this idea will very probably not be successful.

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